

State of Alaska FY2010 Governor's Operating Budget

Department of Health and Social Services Behavioral Health Medicaid Services Component Budget Summary

Component: Behavioral Health Medicaid Services

Contribution to Department's Mission

The mission of the Behavioral Health Medicaid Services component is to maintain availability of behavioral health services to individuals with a mental disorder or illness and/or a substance abuse disorder.

Core Services

- The Medicaid program is a jointly funded, cooperative entitlement program between federal and state governments to assist in the provision of adequate and competent medical care to eligible needy persons. The State Children's Health Insurance Program (SCHIP), operated through Denali KidCare, is an expansion of Medicaid which provides health insurance for uninsured children whose families earn too much to qualify for Medicaid, but not enough to afford private coverage.
- Mental Health Clinic Services are provided to children and adults who have been identified through an assessment as emotionally disturbed. Behavioral health clinic services include crisis intervention; family, individual or group psychotherapy; intake and psychiatric assessment; psychological testing; and medication management. Clinic services are provided by state-approved outpatient community mental health clinics and mental health physician clinics.
- Mental Health Rehabilitation Services are provided to children and adults identified through an assessment as a severely emotionally disturbed child or as a chronically mentally ill adult. Mental health rehabilitation services are expected to reasonably increase the recipient's ability to function in their home, school, or community. Services include evaluation; individual, family and group skill development; recipient support services; medication administration; and case management.
- Substance Abuse Rehabilitation Services are provided to recipients with an identified need for substance abuse services. Substance abuse services include assessment and diagnosis; outpatient services or intensive outpatient services consisting of counseling, care coordination and rehabilitation treatment; intermediate services provided to patients requiring a structured residential program; medical services directly related to substance abuse; and detoxification.
- Behavioral Rehabilitation Services are intervention and stabilization services provided to severely emotionally disturbed children to help them acquire essential coping skills and to remediate debilitating psycho-social, emotional and behavioral disorders. Services include crisis counseling, milieu therapy, supportive counseling, skills training, and case management. Services may be provided in residential care, therapeutic foster care, or therapeutic group home settings that are state-approved.
- Inpatient Psychiatric Services are provided to severely emotionally disturbed children under 21 years of age in an inpatient psychiatric hospital facility or a residential psychiatric treatment center. Services must be based on the recommendation of an interdisciplinary team, prior authorized by the department, and provided under the direction of a psychiatrist.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$154,512,300	Personnel:	
	Full time	0
	Part time	0
	Total	0

Key Component Challenges

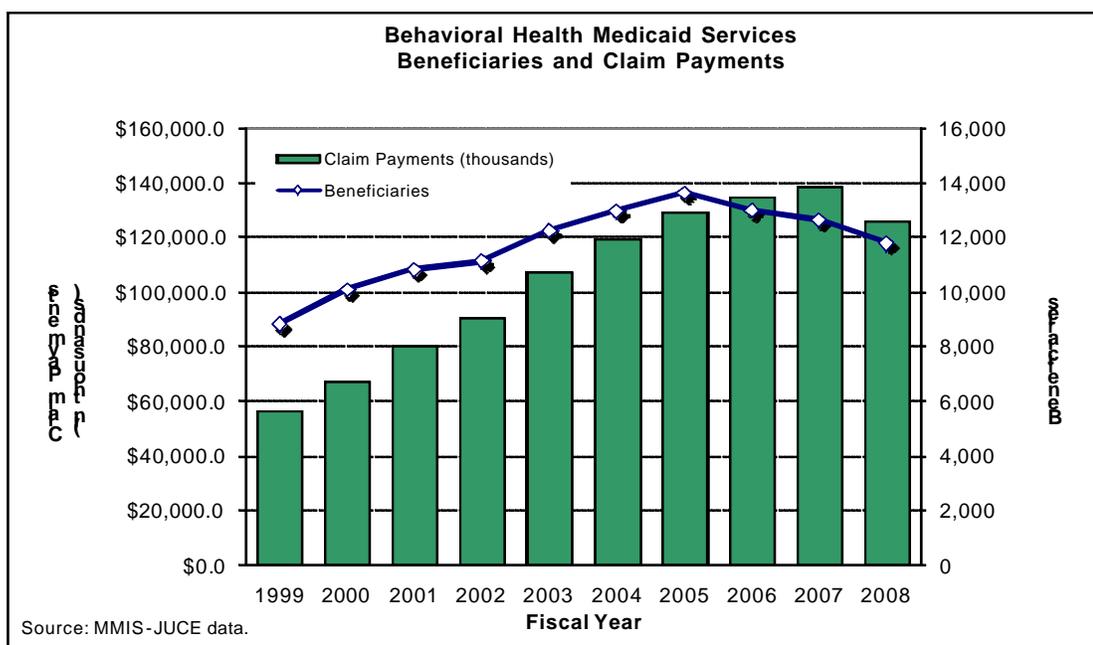
- The landscape for behavioral health service delivery continues to be challenging to Alaska behavioral health service providers. As service providers adapt to the changing environment that includes audits and potential

“paybacks,” the implementation of “risk management” practices are becoming more formalized in their respective business processes. This has resulted in increased levels of costly administrative burden and diverted resources from actual service delivery. Since reimbursement rates have not kept up, at a minimum with the increased cost of inflation, the efforts to meet basic risk management requirements are resulting in diminishing services, and challenging service providers to meet basic fiscal needs within their organizations. The treatment services network is becoming increasingly more fragile and at risk. Additionally, provider concerns related to the potential financial impacts of audits have resulted in a reluctance to adequately bill Medicaid for legitimate services which had been provided.

- Currently, the Division of Behavioral Health is engaged in promoting system integration and business practice improvement through the development of integrated behavioral health regulations. Behavioral Health has prioritized the adoption and implementation of regulations that are cornerstones to integration of the community-based drug and alcohol and community-based mental health treatment systems. System level highlights include merging the former two provider types (Substance Abuse and Mental Health) into one, providing for a single set of reimbursable behavioral health services, and establishing a single rate structure.
- Behavioral Health is developing program initiatives to support integration of primary care medical services and behavioral health services including coverage of alcohol screening and brief intervention services.
- Behavioral Health implemented Medicaid coverage for services provided by independently practicing psychologists, effective May 1, 2008. Services provided by this provider group include medically necessary psychological testing to determine the status of a recipient’s mental, intellectual and emotional functioning.

Significant Changes in Results to be Delivered in FY2010

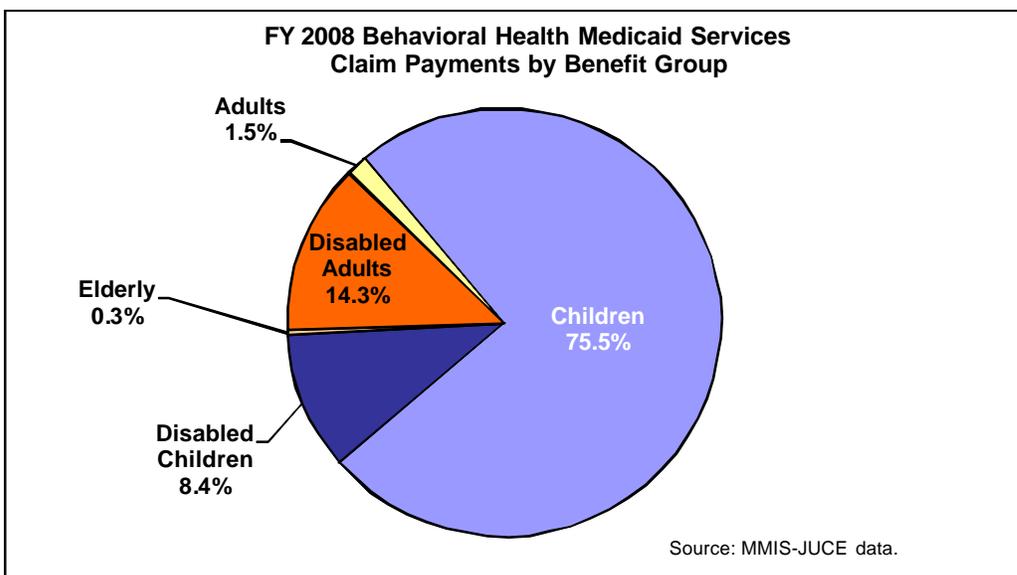
For FY10, Behavioral Health Medicaid costs are projected to grow 6% from FY09. Spending will rebound from the 11% drop seen between FY07 and FY08, returning to a slightly higher level than FY07. In recent years, the department has implemented Medicaid reforms aimed at improving Medicaid sustainability. Cost containment efforts begun in FY04 have successfully reduced the rate of growth from the high of 19.1% for 2001 to -11% for FY08. In particular, the Bring the Kids Home initiative reduced utilization of residential psychiatric treatment centers by 19% from FY07 to FY08. Additional capacity expected on completion of new facilities and increases in provider reimbursement approved by the 2008 Legislature will contribute to the approximately 6% increase in costs forecast for FY10.



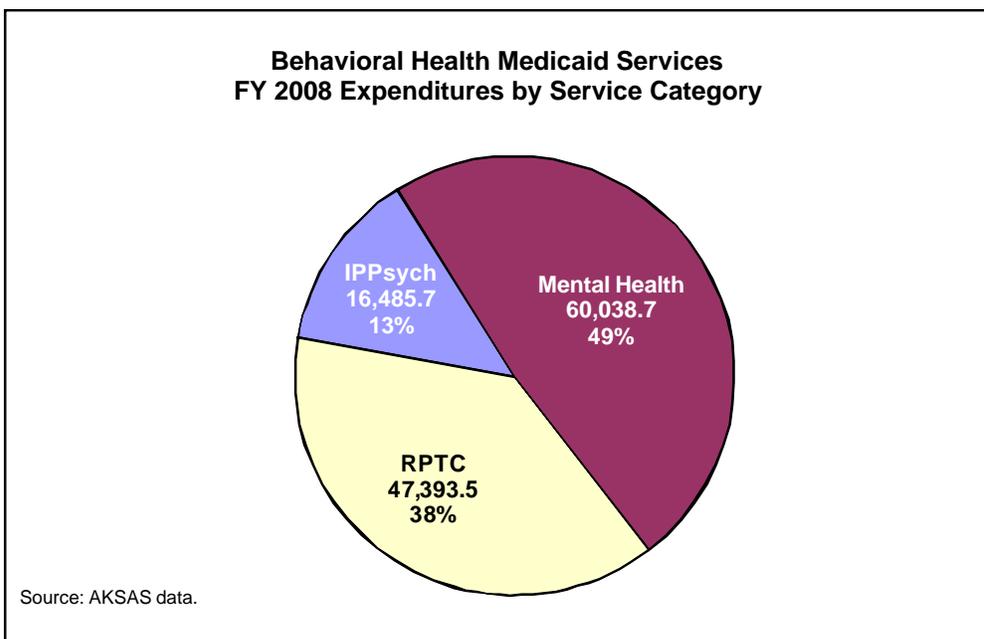
Major Component Accomplishments in 2008

- In FY08 the Behavioral Health Medicaid component provided services to about 11,800 persons at an average annual cost per person that approached \$10,700. Eighty-four percent of benefit payments were for

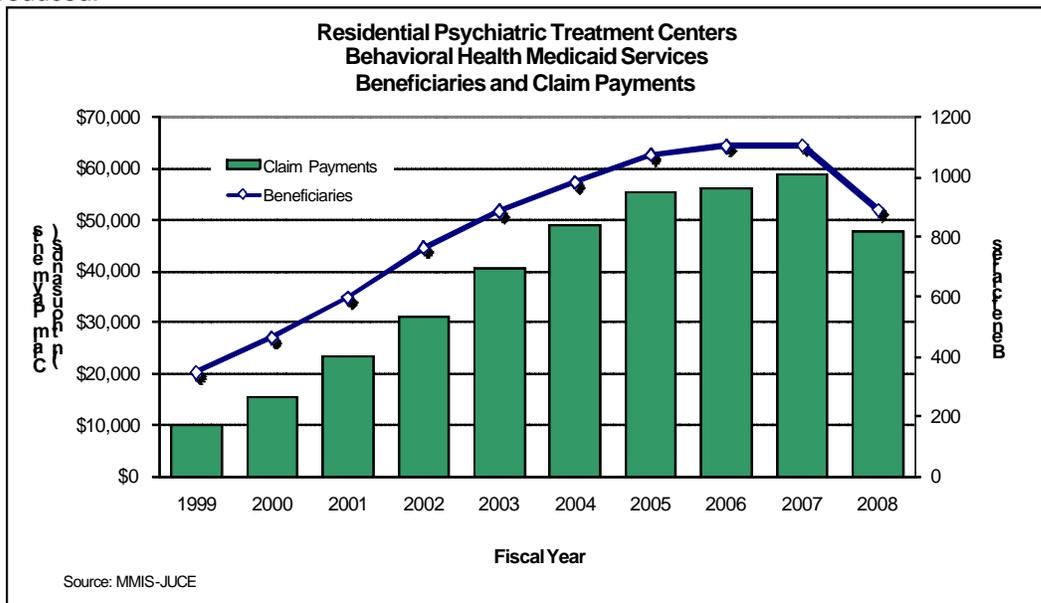
children (disabled and non-disabled).



- Medicaid costs for behavioral health services fell 11% between FY07 and FY08. The Behavioral Health Medicaid Services component funds three types of services: inpatient psychiatric hospital services, residential psychiatric treatment center (RPTC) services, and community behavioral health services. Inpatient psychiatric hospital claims comprised 13%, RPTC claims comprised 38%, and claims submitted by community behavioral health providers comprised 49% of costs funded through this component in FY08.



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Statutory and Regulatory Authority

AS 47.07 Medical Assistance for Needy Persons
 AS 47.25 Public Assistance

Administrative Code:
 7 AAC 43 Medicaid
 7 AAC 100 Medicaid Assistance Eligibility

Social Security Act:
 Title XIX Medicaid
 Title XVII Medicare
 Title XXI Children's Health Insurance Program

Code of Federal Regulations:
 42 CFR Part 400 to End

Contact Information
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**Behavioral Health Medicaid Services
Component Financial Summary**

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	2,421.1	0.0	0.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	123,917.9	172,459.8	154,512.3
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	126,339.0	172,459.8	154,512.3
Funding Sources:			
1002 Federal Receipts	71,378.4	98,984.0	82,418.5
1003 General Fund Match	22,922.9	28,450.5	27,068.5
1004 General Fund Receipts	0.0	262.9	262.9
1037 General Fund / Mental Health	30,424.6	42,362.4	42,362.4
1108 Statutory Designated Program Receipts	113.1	900.0	900.0
1180 Alcohol & Other Drug Abuse Treatment & Prevention Fund	1,500.0	1,500.0	1,500.0
Funding Totals	126,339.0	172,459.8	154,512.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	71,378.4	98,984.0	82,418.5
Statutory Designated Program Receipts	51063	113.1	900.0	900.0
Restricted Total		71,491.5	99,884.0	83,318.5
Total Estimated Revenues		71,491.5	99,884.0	83,318.5

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	71,075.8	98,984.0	2,400.0	172,459.8
Adjustments which will continue current level of service:				
-Medicaid Program - Change in Federal Financial Participation	-252.5	252.5	0.0	0.0
Proposed budget decreases:				
-Medicaid Program - Reduce Excess Federal Authorization	0.0	-15,472.1	0.0	-15,472.1
-Medicaid Program - Adjust Authorization for Current Trends	-3,800.0	-4,527.9	0.0	-8,327.9
Proposed budget increases:				
-Medicaid Program - Formula Growth	2,670.5	3,182.0	0.0	5,852.5
FY2010 Governor	69,693.8	82,418.5	2,400.0	154,512.3